

S&P Global Brazil Manufacturing PMI[®]

Downturn in factory orders gathers pace in February

February 2026

New business intakes fall at quickest pace in five months

Firms reduce production volumes and stock levels

Inflationary pressures tick higher, but remain historically mild

Operating conditions across Brazil's manufacturing industry worsened further in February as companies reduced output, buying levels and stocks amid dwindling demand and ongoing declines in new business intakes.

These declines coincided with a mild intensification of inflationary pressures, with both input costs and output charges rising at quicker rates.

The S&P Global Brazil Manufacturing Purchasing Managers' Index[™] (PMI[®]) – a single-figure indicator of manufacturing performance – was at 47.3 in February. Little-changed from 47.0 in January, it indicated a solid deterioration in the health of the sector. Also, February marked the tenth consecutive period in which a sub-50.0 reading was registered.

Capital goods was the weakest performing sub-sector, posting the lowest PMI reading once again. Intermediate goods markers signalled a marked deterioration that was equal to January, while operating conditions stabilised at consumer goods producers.

Brazilian manufacturers reported an accelerated decline in new order volumes. February's reduction was marked and the quickest since last September. Companies cited adverse demand conditions, challenges in the automotive sector, competitive conditions and elevated interest rates as the main drags on sales.

International orders remained on a downward path, falling solidly and for the eleventh consecutive month. Survey participants reported lower sales to Argentina, Europe and the US in particular.

In response to a sustained reduction in factory orders, firms trimmed production volumes further. The pace of contraction seen in February was marked and among the strongest since June 2023.

Output decreased in the intermediate and investment goods categories, but there was a renewed increase at consumer goods makers.

With manufacturers scaling back production volumes, there

S&P Global Brazil Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 4-20 February 2026.
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Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

"Brazil's manufacturing industry remained well inside contraction territory during February, with the latest results barely showing any positive development.

"With the drop in new orders accelerating, outstanding business volumes falling and companies' inclination towards maintaining minimal inventories, production is likely to remain on a downward path over the coming months.

"More concerning still, purchasing costs continued to edge higher, triggering a faster increase in selling prices that could further undermine competitiveness and place additional constraints on demand.

"Although firms maintained an optimistic view regarding the 12-month outlook for output, which was underpinned by expectations that new product releases and the FIFA World Cup would stimulate demand, they continued to lower input purchasing.

"There was a glimpse of hope from the employment trend, however, with a marginal expansion reported as limited staff numbers prompted some firms to advertise for new positions."

was another decline in finished goods inventories during February. The latest depletion was the third in consecutive months, though only slight overall.

Similarly, input stocks decreased for the third successive survey period and moderately. Panellists indicated that they sought to preserve cashflows while demand trends remained uncertain.

As has been the case on a monthly basis since April 2025, input purchasing volumes fell in February. Despite slowing to the weakest since last November, the rate of reduction was marked. Cost-cutting initiatives and difficult demand trends featured in the qualitative part of the survey as reasons behind the current drop.

There was a marginal rise in factory employment during February, as limited staff numbers prompted some firms to advertise for new positions. Growth was often attributed to expectations that pending contracts will be approved and that the FIFA World Cup will stimulate demand.

Business confidence remained positive, with advertising, planned investment, new product releases and the FIFA World Cup reported as tailwinds to the outlook. That said, the overall level of positive sentiment slipped to a ten-month low reportedly due to competition and public policy concerns.

Companies reported the fastest increase in operating expenses for seven months. According to them, geopolitical tensions, stock market speculation and unfavourable exchange rates caused upward pressure on prices for electronic components, foodstuff, metals and plastics.

Prices charged for Brazilian goods also rose at the strongest pace since July 2025, with firms reportedly transferring part of their additional cost burdens to clients. As was the case for input prices, the rate of increase in output charges was weaker than the long-run series average.

Methodology

The S&P Global Brazil Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in February 2006.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

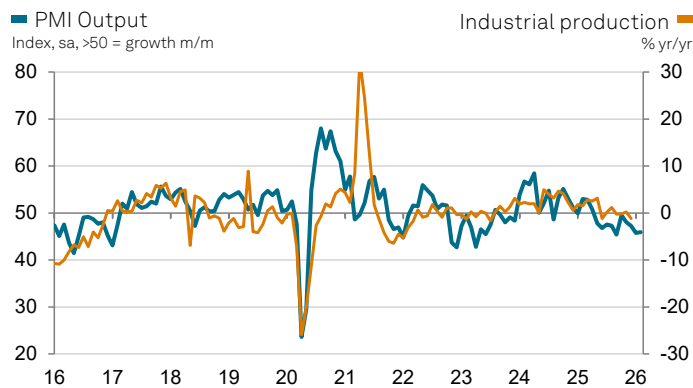
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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